

THE COMMUNAL SYSTEM
OF YUGOSLAVIA

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PREFATORY NOTE

The decentralised system of government and economy of Yugoslavia has created a good deal of interest in many countries. Recently Shri B. Mukerji, I. C. S., then of the Ministry of Community Development, visited the country and made a study of it, the results of which were incorporated in a report which has not been published so far. We are glad that the Institute has been permitted to print it, both in view of the interest of the subject and the value of Shri Mukerji's observations, and we thank Shri Mukerji for the same. I am sure this report will be read with interest and profit by our members as well as by a wider public.

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INTRODUCTION

I had gone to The Hague to attend a Workshop of the United Nations arranged to discuss problems of Public Administration connected with Community Development. On the way back from The Hague, I was able to spend nine days in Yugoslavia to study the Communal System in that country. I reached Belgrade on the evening of the 31st January and left for the return journey on the morning of the 10th February, 1959. The 1st and the 8th February were Sundays and, therefore, the period of effective study was only seven days, an extremely short period for the study. Thanks, however, to the great care with which the Yugoslav Government had arranged my programme and the considerable help given to me by the various political leaders and officials whom I met, I could see a great deal of the country, its system of government, its plans of economic development and particularly its Communal System which was the specific topic of my study. The Yugoslav Government very kindly treated me as a State guest and I received in the country utmost courtesy and attention from one and all. I take this opportunity of recording my deep appreciation of all the courtesy and help I received. I must also express my gratitude to H.E. the Ambassador of Yugoslavia in India who took very keen interest in my study tour, fixed up its details with his own Government, gave me some valuable suggestions and information before I went out and gave me an opportunity to discuss my impressions with him on my return which helped me greatly to crystallise some of my ideas.

I would be failing in my duty if I do not also acknowledge here the immense help and guidance given to me by Nawab Yawar Ali Jang, our Ambassador at Belgrade, and the officers of the Embassy.

The Communal System of Yugoslavia is an integral part of their entire system of political, social and economic

class the dominant role in the management of the political, social and economic affairs of the country and to transfer the authority of the State to the social community. The principles of self-government and decentralisation are being applied not only in the political, but also in the economic and social fields. In order to understand the system fully, it is necessary to know a little about the changes that have been introduced in the political system and in the system of economic and social management. Mention has been made, therefore, in this report of the principal developments in these fields. These are :

- (i) constitutional changes made in order to reflect the new policy of political decentralisation;
- (ii) the creation of the Council of Producers at all levels of Government to give to the working class a more direct role in the economic management of the country;
- (iii) the development of the system of workers' management of enterprises as a measure of economic decentralisation and self-government; and
- (iv) creation of social organs of self-government in the fields of education, health, social welfare, etc.

In Part I of the study, I have dealt with the political and constitutional changes, in Part II with the system of workers' management of enterprises and in Part III with the Commune and the District Administration. In Part IV, I have given a brief account of the new policies being followed in the field of agriculture and cooperation, and in Part V, I have attempted to formulate the general conclusions which seem to follow from the study and to indicate the lessons that can be derived from their application to our situation.

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I

THE POLITICAL CHANGES

FROM CENTRALISATION TO DECENTRALISATION

The old Constitution was based on the management of the entire economic sector by the State's administrative apparatus. The State had a dominant role in the economic administration of the country. It relied on the system of political and economic centralism and on State ownership of the means of production. The State was the direct organiser and direct initiator of almost all economic activities. All profits made and losses suffered by the enterprises were included in the Government's budget. The Director of an enterprise acted as a representative of the State and managed the enterprise on the basis of laws, of the State Economic Plan and the orders of his superior authorities. The economic planning was wholly centralised. The disadvantages of this system soon began to show themselves. Centralised planning often led to the production of goods not needed by the market. While targets of production were achieved, the quality of the products was often poor. Owing to the centrally-determined wages and salaries, workers had little incentive to work for the success of their enterprise. Production suffered as a consequence. The executives of Government assumed a central role in the life of the people. The outstanding personalities of the political field were in the Government and, therefore, the combination of political and administrative power, particularly when the State was also controlling the economy, pointed to the great danger of the bureaucracy growing into a permanent ruling class over society. For these reasons, there arose a political demand as well as the material need for a system which could provide necessary incentive and scope to the working people to develop the productive forces of the country. Hence was introduced the system of workers' management of enterprise which I have described

Yugoslavia is a Federal State consisting of six People's Republics, the Republics being divided into Districts and the latter into Communes. The same principles apply to the Government at each level—Federal, Republican, District and Commune—and the pattern is also very alike. There is a representative organ elected by the entire adult population called the People's Assembly at the Federal and Republican levels and the People's Committee at the District and Commune levels. Then there are Secretariats or Departments, Administrations, Boards, Inspectorates and other administrative institutions and Commissions. At the Federal and Republican levels there are Executive Councils. In the political field there has been effected a large measure of decentralisation. The new Constitution is a move in this direction and has reduced the authority of the State and of the administration by transferring much of it to the workers' collectives and to the social community. It limits the State to its specific task, viz., "protection of the socialist order, the defence of the independence of the people, the ensurance of respect for law and order and the ensurance of the essential unity of the social and economic system". This development is being called a process of "de-etatization", in keeping with the Marxian theory of the withering away of the State. The decentralisation in Government and administration has been carried out with the purpose that the masses of the people may be able to have direct control over the work of the administrative apparatus. Secondly, that the working people may have full initiative in developing the productive forces of the country and, lastly, with the purpose of preventing the development of the State administrative apparatus into some kind of a permanent centralised ruling class over society. The new Constitution adopts the principle that the executive functions vest primarily in the People's Committee of the Commune and in various social self-governing bodies. The Republican and Federal organs of State are to have only those executive functions which by their nature can be discharged only by them, as for example, Defence and Foreign Affairs. Noteworthy is the difference between the functions of the State Secretariats and the Secretariats of the Federal Executive Council.

State Secretariats are established for those functions where the Federal jurisdiction is comprehensive and there is need for a strong and independent organ of State administration, for example, there are Secretariats for Foreign Affairs, Internal Defence, Finance. Secretariats of the Federal Executive Council are set up for those functions where Federal jurisdiction is relatively small. These are spheres where the bulk of functions have been transferred to other organs of social government and self-government, such as Workers' Councils, People's Committees, Chambers and Associations. For example, the Federal Executive Council has Secretariats for Legislation and Organisation, for General Economic Affairs, for Industry, Agriculture, Forestry. Previously, the Secretariats of the Federal Executive Council were only bodies of the Executive Council which prepared proposals for the Council to consider but had no independent work of their own. Now, they have been given independent functions and these relate mostly to securing the unity of the system through adherence to general principles determined by the Federal Laws and Prescriptions, in spheres in which the executive functions have been transferred to other social organs. They also afford expert help to the lower organs of administration.

The new Constitution has put an end to what was called in Yugoslavia "the system of dual responsibility" which found a place in the earlier Constitution. The principle was that the executive apparatus of Government at any level should be responsible not only to the representative body at that level, but also to the executive apparatus in the same branch of administration at the higher level of Government. The present view in Yugoslavia is that this principle of dual responsibility only concealed the absolute power of a centralised State administration and of bureaucracy. A distinction is now drawn between "political executive functions" and "administrative executive functions". Administrative executive authorities have also now been given a measure of independence when working within defined limits of authority. At the same time, the authority of the representative organs of the people has been increased

to the extent that the authority of the centralised State apparatus has been curtailed. The National Assembly of the Federation is now in a better position to control both the Federal Executive Council and the State Secretariats. The Secretary of the State Secretariat is politically responsible to both the National Assembly and the Federal Executive Council. Appeals from the decisions of administrative organs lie only to superior administrative organs and from political organs only to superior political organs, and not from one class of organs to the other.

Another principle now emphasised is that, as far as possible, all actions, whether in the political, social or economic field, should be in accordance with law, rules and regulations and as little as possible should be left to administrative decisions based on individual discretion. The body of laws, rules and regulations is, therefore, very large and ever increasing. "Observance of legality" is a concept of wide significance in the Yugoslav system of political and administrative control. An elaborate system of checks on the due observance of the laws, rules and regulations has been developed. To some extent, the relationship between different political and administrative organs of Government functioning at various levels turns round their respective responsibilities for enforcing the observance of laws, rules and regulations. This point would be illustrated when describing the Communal System.

The new Constitution emphasises the principle that the mutual relations of the Federal, Republican, District and Communal organs of administration shall not be based on hierarchical and mandatory relationship, but on mutual rights and duties defined by law. The laws of State administration have attempted to elaborate these rights and duties and to emphasise simultaneously that the relations between these different levels of Government and their administrative organs shall also be based on free cooperation, on exchange of experience and specialists services, and on the right of every organ of administration to have full initiative within its own sphere of work and full right to make proposals to other organs of administration which might be to their mutual

advantage. The same principles are applied in the spheres of economic and social self-government, viz., that more reliance should be placed on normal human contact between people working for a common purpose than on formal rights and powers of the State organs and the orders of the higher organs to the lower. The economic system and its management should be so designed as to secure the fullest initiative of the working class and full freedom to all for expression of opinion and for making suggestions for the advancement of the common socialist purpose.

COUNCIL OF PRODUCERS

I shall now say something about the Council of Producers, first created in the Federal and Republican People's Assembly and the District People's Committee in 1953 and later in the People's Committee of the Commune in 1957. This is regarded as a distinctive Yugoslavian form of representation of the direct producers in the management of Government. The representative bodies at all levels—the People's Assemblies of the Federation and the Republics, the People's Committees of the District and the Commune—are composed of two Houses: the Communal Council and the Council of Producers. The creation of the Council of Producers is said to have followed as a corollary to the introduction of the workers' management of industry and is regarded as having completed the process of uniting economic and political representative bodies from the lowest to the highest organs of Government. The Communal Council represents the people on a territorial basis and the Council of Producers represents the producers. Both Houses enjoy the same status, but the Council of Producers deliberates only on matters in the economic field, such as the economic plan and budget, labour matters, social insurance, etc. It considers these matters in a separate session, but joins the other House on terms of equality for the final decision. Without a complete agreement between the two Houses, there can be no law or decision in these matters. If a disagreement cannot be settled, it leads to the dissolution of the Assembly as a whole. The Council of Producers can give recommendations to the

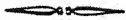
economic organs and also to the State organs and self-governing institutions in matters relating to the economy, labour and social insurance. It can also pass binding decisions on these institutions and organs within limits fixed by law. There are two groups of representatives in the Council of Producers, one covering the manufacturing industries, commerce and arts and crafts and the other agriculture. They are representatives of workers and employees engaged in the socialist sector of the economy as well as of individual agricultural producers who are members of agricultural cooperatives and of private artisans who are members of the Chambers of Arts and Crafts. Each group sends a number of representatives proportionate to its contribution in the social product. This is in recognition of the principle that rights shall be determined in accordance with the contribution made to the whole social community. This system of representation is said to give a decisive voice to the working class in the economic affairs of the country.

THE ROLE OF POLITICAL PARTIES

When the new State came into existence there was only the Communist Party left in the country. Its contribution in the liberation of the country was almost exclusive and this put its leaders in a position of very great respect in the eyes of the people. Marshal Tito's position is unique. He is to the people of Yugoslavia very much more than the leader of the Communist Party; he is a national hero. Many other leaders in the forefront of the Communist Party have very high reputation for patriotism and integrity and great service and sacrifice in the cause of the country to their credit. It is this position of the Party and its leaders that has given to them influence that they have in the management of the affairs of the country through the numerous decentralised organs of Government and social self-government, an account of which has been given in this Report.

Undoubtedly, the political party has a great role in influencing policies and all important measures and activities, but this role is not exercised through any system of

centralised bureaucratic party control. In fact, the effort is to interfere as little in the working of the self-governing institutions as possible and to build up socialism not so much through the power-influence of the Communist Party as by bringing about a change in society on the lines I have explained later in this Report. The Socialist Alliance of the Working People of Yugoslavia has been promoted as a move in this direction, as a broad-based organisation in which the working people, united in a common socialist purpose, will work together for the fulfilment of that purpose. I have already made a mention of the view now held in Yugoslavia that the separation of political and administrative functions is necessary if bureaucracy is not to grow at the cost of the social community. There is a fair representation today of non-political persons in important administrative posts. The Socialist Alliance is a country-wide organisation and has branches in every Commune and local units almost in every village. Every unit has a committee with a Chairman, a Vice-Chairman and a Secretary and office and library. It organises activities according to the means of the branch and in fields where its services are most needed for educating the people in socialism. It acts as a link between the people and the Commune. It plays a major role in organising voluntary work for developing community services. It also plays an important role in educating the people by arranging discussions, conferences, etc., where the new laws and policies of Government are discussed and general understanding in regard to these is created in the masses of the people. Membership fee is 10 Dinars per year.



II

WORKERS' MANAGEMENT OF INDUSTRY

WORKERS' COUNCILS

On July 28, 1958, the Federal People's Assembly passed a law on the management of economic enterprises by working collectives. The preamble to this law states that it is enacted in order, first, to realise fully the management of enterprises by their working staff in accordance with the socialist principle that social production must be managed by the direct producers themselves and, secondly, to further the democratic principle of people's self-government. The passing of this law is regarded as the beginning of a new stage in the development of the entire social and political order in Yugoslavia. As stated earlier, the creation of the Council of Producers in the representative organs at every level of Government followed as a corollary to the introduction of the system of workers' management of industry. The working collective is regarded as the possessor of the right to manage the enterprise. Economic enterprises are regarded as "social property", not State property, and only managed on behalf of the community by their working collectives. Thus has begun the process of transforming State ownership into what is claimed to be a higher form of ownership, viz., social ownership. Regardless of the manner in which the assets of an economic enterprise are acquired, they are regarded as social property. The working collective acquires the right of management as soon as an enterprise is formed, no matter which authority sets up the enterprise. The working collective has also the "right of utilisation" of the social property it manages, but beyond these rights its title does not extend. In fact, in this theory the very idea of ownership has been obliterated. The working collective has also obligations in connection with its right of utilisation of social property. The assets must be used in accordance with the principles of sound economy. Enterprises are set up by an existing enterprise,

by the Commune, the District, the Republic or the Federation or by groups of individuals. The setting up of new enterprises is regulated by economic laws and regulations. The working collective manages the enterprise independently but is obliged to conduct the business according to law and other legal regulations and to fulfil its obligations towards the community. It manages the enterprise through the Workers' Council, the Managing Board and the Director. The Workers' Collective elects the Workers' Council and can recall it, either the entire Council or individual members. The most important way in which the working collective influences the management of the enterprise is through the meeting of the workers, *i.e.*, a general conference of all those employed in the enterprise. In a small enterprise all the staff meet together, but in a large enterprise staff of individual shops or departments meet separately.

MANAGING BOARD

The Managing Board is in a sense the executive committee of the Workers' Council, but it enjoys a measure of freedom and independence in the management of the enterprise within the framework of policy laid down by the Workers' Council. This is in keeping with the principle of decentralisation mentioned earlier, *i.e.*, of keeping executive authority independent of the policy-making body, but within specified limits. Workers and office employees not on the Workers' Council can also be elected to the Managing Board, though, in fact, it does not frequently happen.

The term of office of the Workers' Council as well as the Managing Board is for one year. In order to prevent these bodies from becoming bureaucratic in character, the law prescribes that at least three quarters of its members must be workers directly engaged in production and that no one can be a member for more than two years in succession. The Managing Board elects from among its own ranks its Chairman. Meetings are called as need arises, but regularly once a week. Members of the Workers' Council and Managing Board are not paid any salary or other remuneration, but are compensated for the earnings they lose by

being away from their work during meetings and are also paid actual expenses on travelling, etc.

THE DIRECTOR

The Director is appointed by the People's Committee of the Commune on the basis of proposals made by a special Commission half of whose members are nominated by the Workers' Council and the other half by the People's Committee of the Commune. If the People's Committee of the Commune does not agree with the recommendations of the Commission, the Director is appointed by a new Commission formed by the People's Committee of the District. The Director is treated as a representative of the State for purposes of ensuring the running of the business in conformity with the legal regulations. He has to stop action on any decision of the Workers' Council and the Managing Board which he considers contrary to such regulations. If they insist on its implementation, the Director is obliged to refer the dispute to the People's Committee of the Commune. The Workers' Council can ask for the recall of the Director if it considers that he does not perform his duties properly. The procedure followed for the recall of the Director is similar to that for his appointment. The Director has under him trained executive staff who help him in preparing the proposals on the basis of which he obtains policy decisions of the Managing Board and the Workers' Council. In the system of workers' management of enterprise the role of the trained executive staff has not been reduced; what has been changed is their position and that of the Director who were previously representatives of individual owners or shareholders or of the State, but are now representatives of the working collective. The new system, it is claimed, prevents the interest of the executive staff from coming into conflict with that of the direct producers.

Seven years' experience of the working of this system has, according to Yugoslavian authorities, demonstrated fully the competence of the working collective to manage efficiently the enterprises and to promote the development

of the economy on socialist lines. It is said that workers have carried out far-reaching technological changes in their effort to modernise the processes of production. They have shown much initiative and inventiveness and the keenness to elect to the Workers' Council and the Managing Board the most advanced and competent workers and office employees. The Workers' Council and Managing Board, by leaving the day-to-day operational questions to the Director and his staff, have been able to concentrate on the fundamental problems of the enterprise and on giving proper directives to the Director and the executive staff.

SYSTEM OF DISTRIBUTION OF THE INCOME OF THE ENTERPRISES

It is claimed that under the present system the economic enterprises have considerable freedom to plan their production programme in accordance with the needs of the market and of the consumers and yet the unity of the economic system and economic plans of the country is fully maintained. The unity of the economic system and of planning is secured by indirect methods and not by having centralised control over the enterprises. Market movements are determined by the economic policy and the credit policy, by the structure of consumption and the commodity-monetary relations. All these are regulated by the Economic Plan. A significant feature of this system is the elaborate laws that regulate the distribution of the income of enterprises. Based on the thesis that the workers have only the right of management on behalf of the community of social property, the law provides that a certain portion of the income of the enterprise has to go as taxes to the Commune, to the District, to the Republican and Federal Government for expenditure in the social service field. The law also provides that a certain portion of the income must be credited into funds for the development of the different sectors of the socialist economy, particularly for housing development. It may be mentioned here that this system of providing money for different kinds of permanent improvement through creation of funds is being increasingly developed in the financial system of the country at all levels of Government. Budget provision is now being limited

more or less to meet the staff and administrative expenses and the expenses on social services, such as education, health and cultural activities. When all the taxes and other obligatory payments have been made out of the income of the enterprise, what remains is distributed between the personal income of the workers and the funds of the enterprise itself including reserve funds. The enterprise has complete freedom in the matter of this distribution. It is, however, admitted that the Commune does exert some pressure in favour of allocation to the funds that exist for the expansion of industry. Even the limited measure of freedom given to the working collective to decide what personal income would be taken from the earnings of the enterprise is said to be providing a good incentive to them to increase production and reduce costs. It is said that, in actual practice, the working collectives are already beginning to set aside considerable portions of their income for meeting economic needs and for expansion of the enterprise. They are also said to be surrendering a considerable portion of their income in favour of organisations that take care of the education and health of the workers and their children. The Socialist leaders of Yugoslavia see in such developments signs of the growing solidarity of the working class and the promotion in them of a new social attitude towards their enterprise, their work and towards the community. They are beginning to understand that it is no longer the question of their having to fight for their rights against private owners or governmental authorities, but one of putting their demands before themselves and deciding what is best in their own interest and in the interest of the community.

The Yugoslavian authorities do not claim that their system of Workers' Council has yet been perfected. They are conscious of several defects that exist in the system today, one of which is that there is still too much administrative control by the Communes on the economic functioning of the enterprise. The system of distribution of the income of the enterprise between wages of the workers and investments in the social sector has still several flaws.

Nevertheless, they are convinced that the Workers' Council and the Commune must ultimately come in as equal partners and become the basic pillars of the system of socialist democracy that they are attempting to build up.



III

THE COMMUNE

The Commune has been established as the basic community which manages not only its social and economic affairs, but also functions as the basic unit of political government. A Commune may comprise either a town with the surrounding villages or a number of villages alone or a town alone or part of a city (borough). The Communes vary in population from 5,000 to 50,000. They were reorganised in 1955 when the number was reduced considerably with the consequent increase in the size of Communes, in order to make them economically stronger and fit to assume their big responsibilities. A number of Communes constitute a District. The Commune exercises all the rights and performs all the duties of management of social affairs except those that under the Constitutional laws vest in the District or the Republic or the Federation. In other words, the residuary powers are with the Commune. As already observed, the Republic and the Federation exercise only those functions which by their nature must necessarily belong to them. The Yugoslavian theory is that all rights, powers and functions inherently belong to the socio-economic community of the people and what it does not do it does not do because that function can be better looked after by a higher formation of Government.

FUNCTIONS

One of the important tasks which the Commune performs is to co-ordinate the economic development of its territory. It encourages the development of enterprises and other economic and social organisations. As we have seen, the Commune's relationship with the economic enterprises is fairly close. It can also start enterprises itself. In order to help the economic development of the territory, it undertakes such functions as the development of communications, power, etc. It enacts town and regional

plans. It manages the development funds, about which mention has been made earlier, and decides what investments are to be made out of it and for what purposes. This it does in conformity with the Economic Plan. It organises institutions and services to promote the welfare of the people in such fields as health, education, social welfare, cultural activities and provides funds for these purposes in its budget whenever necessary. The Commune is responsible for maintaining law and order and for promoting the welfare of the community. It influences the distribution of the profits of enterprises between earnings of the workers and investments in the social sector. The Commune also looks after all public property in its territory. The Commune is responsible not only for enforcement of its own laws and regulations, but also those of the Federal and Republican Governments. It exercises legal supervision over the work of other self-governing institutions and organisations including the Workers' Councils in economic enterprises. It has the power to nullify unlawful decisions of such organisations. The Commune organises its own departments and determines their functions. In order to enable it to discharge its function of supervision over other self-governing institutions and organisations, the Commune maintains various inspection services. When a single Commune is unable to organise an inspection service, several of them combine to organise a common inspection service. These inspection services also function in the technical field, such as in the field of veterinary services, agriculture, construction, labour inspection and so on. The Commune enjoys complete independence in its work. The District People's Committee exercises supervision over the work of a Commune, but only with regard to controlling the legality of its actions and decisions and not in order to judge their expediency. A decision of the People's Committee of the Commune can be set aside only by the People's Committee of the District and not by its executive or administrative authorities. This is a fundamental principle which applies throughout the political and administrative system of Yugoslavia, as we have seen.

The Commune's main emphasis is on developing the economy of the area, increasing the earnings of enterprise and of the producers and therefore of the Commune too, so that it can go on expanding its activities in the economic and welfare fields. Through the expansion of industries and other forms of enterprise, the labour which becomes surplus due to the mechanisation of farms is found employment. It is, however, not the policy to find supplementary employment for under-employed farm hands of privately operated farms. The State policy is to induce private farmers to merge their farms with the cooperative farm and acquire the status of workers in those farms. More would be said about this later.

At the beginning of the year, the Commune enacts its economic plan, according to which the economic development is carried on during the year. Every Commune has a planning department which prepares the plan in consultation with all other departments and many experts and other interested bodies. The plan is considered by the two Councils of the People's Committee separately and finally adopted at a joint session. The plan is also considered by the meeting of voters.

SOURCES OF REVENUE

The Commune has certain sources of revenue given to it by law. Its budgetary revenue is derived partly from the share it gets of the profits of enterprises and partly from a tax on the personal earnings of the producers. A mention has been made earlier of the system of distribution of the earnings of enterprises. Since a share of the profit goes to the Commune, the Commune is interested in enterprises earning higher profits and since the workers have a say in the determination of their earnings, they have an incentive in raising production and earning higher profits for their enterprise. Among the other sources of revenue of the Commune are land rent paid by economic organisations, inheritance and gift taxes, municipal turn-over tax and municipal rates. The 'rates' are introduced by the Commune of its own accord in order to meet social obligations.

The decision to impose a local rate is taken at a "meeting of the voters". It is open to the residents of a particular locality to take such a decision applicable only to their area. The District may also allot a share of its rates and taxes to the Commune. Underdeveloped Communes get subsidy from the District. The budgetary funds are used mainly for discharging the Commune's social service functions, such as in the field of public health, education, culture, etc. All Communes are authorised to borrow from banks. All banks are nationalised. Communes have also special investment funds for economic purposes. These accrue from various assessments on economic organisations, as for example, interest on fixed assets, income from the enterprise's annuities. Furthermore, the Communes have development funds for agriculture, afforestation, road construction and housing. The housing fund accrues from a compulsory assessment of 10 per cent of the earnings of every employee residing in the Commune. This is paid by the enterprise directly into the fund and the fund is managed by an autonomous Board which promotes housing development.

It is claimed that of the total national budgetary expenditure and investment outlay, 80 per cent is by the Communes and the remaining 20 per cent by the Federal, Republican and District Governments. Whether this is a wholly correct claim I was not able to verify, but it does seem to be correct that the Communes have at their command a very substantial share of the total tax revenue and of investment and development funds.

THE PEOPLE'S COMMITTEE

The People's Committee of the Commune is the basic and most important institution of self-government in which the bulk of the functions of the Commune are discharged. It is not merely a deliberating or policy-making body but discharges executive functions also. I have referred earlier to the principle adopted by the new Constitution that the executive functions vest primarily in the People's Committee of the Commune. The other rights and duties of the

Commune are discharged by other self-governing institutions, by the institution of direct democracy called "the meeting of the voters" and by different self-governing associations. It has to be remembered that the Commune is not only a form or level of local self-government, but also the basic socio-economic community responsible for managing its own political, social and economic affairs. The People's Committee is a supreme organ of Government in its territory. There are no organs of the Federal, Republican, or District Government in the territory of the Commune. Only by law can administrative organs of the Federal or Republican Government exist on the territory of a Commune, but in practice there are no such organs except the security authorities which are organised on a district basis and are directly subordinate to the Federal authorities. The People's Committee does not receive orders or instructions from higher authorities, but is a master unto itself except that it has to observe the laws and legal regulations.

The People's Committee has two Houses, the Communal Council and the Council of Producers, a pattern which exists throughout the political system of Yugoslavia, as mentioned earlier. The division of functions between these two Houses and the manner of their working is the same as has been mentioned while dealing with the Federal People's Assembly. The two Houses at a joint meeting elect the President and Vice-President of the People's Committee, the Presidents and the members of the Boards and of the Joint Commissions, appoint the Secretaries and other officials, elect the Municipal Court Judges, appoint and dismiss the Directors of enterprise in accordance with the proposals of the Joint Commission of the Workers' Council and the People's Committee. Each House elects its own President for a term of one year at a time. The joint meetings are presided over by the President of the People's Committee. The People's Committee is in permanent session and the meetings are public.

COMMISSIONS

For joint purposes, the People's Committee has permanent Joint Commissions of both Houses, such as for

election and nominations, for petitions and complaints. The two Houses have also their separate Commissions. The Council of Producers has a permanent Commission for workers' management matters. These Commissions examine matters within their jurisdiction and make proposals to the entire People's Committee or to the concerned Council. As a rule, no matter lying in the jurisdiction of one of the Commissions may be considered by the People's Committee unless the competent Commission has examined it. This system of functioning through Commissions plays an important part in the entire political system of Yugoslavia.

PRESIDENT OF THE PEOPLE'S COMMITTEE

The President of the People's Committee is the foremost figure and has a special place in the Commune. He co-ordinates the work of various branches of administration and other organs of the Commune. The same person cannot be elected President twice in succession. The President is a whole-time salaried functionary. He is assisted by one or two Vice-Presidents who may also be salaried functionaries.

BOARDS

Of special interest to us are the Boards of the People's Committee. These Boards are composed of People's Committee members, (at least two members must be on every Board), citizens representing organs of social management in the concerned field as well as groups of citizens whose problems the Board may have to consider. The President of the Board need not necessarily be a People's Committee member. The Boards are administrative and executive organs and have responsibility for enforcing the laws and other regulations enacted by higher authorities. They can issue orders and administrative instructions for this purpose and they guide the work of the administrative authorities. The People's Committee itself decides what Boards it wishes to constitute and their composition. This it does

at a joint meeting of the two Houses of the People's Committee. The following boards are usually formed :

- | | |
|------------------------------|---------------------------------------|
| 1. for planning and finance, | 9. for guardianship, |
| 2. for the economy, | 10. for mother and child welfare, |
| 3. for communal affairs, | 11. for labour & labour commissions, |
| 4. for housing, | 12. for agriculture and forestry, and |
| 5. for education, | 13. for general administration. |
| 6. for culture, | |
| 7. for public health, | |
| 8. for social welfare, | |

Sometimes joint Boards are formed for some of these matters. It is significant to note that the People's Committee does not relegate its executive functions to the administrative authorities, but to the Boards which are collective bodies and combine political authority and social management. They have thus the character both of a State and a social organ and serve as links between the People's Committee and the administrative apparatus on the one hand and the population and organs of social management on the other. In the concluding part of my Report, I have dealt with the significance of this arrangement for our purposes.

ADMINISTRATION

The People's Committee has departments or secretariats and other administrative institutions to attend to different branches of business. These are the administrative organs and are responsible for the enforcement of the laws and other regulations for the technical preparation of cases for decision by the People's Committee and for the enforcement of those decisions and for discharging administrative business in general. Each Commune decides what departments, offices, etc., it wishes to organise and this is determined by the degree of development reached in a Commune. The employees of the People's Committee are selected by competition conducted by the Commission for selection and appointments. It may be mentioned here the Secretariat of the Federal Executive Council for General

Administration has been developing a body of general principles of administration, working out the classification of the public services, rules of recruitment, pay scales for different cadres and posts and procedures of work and these are followed by all organs of Government including the People's Committee of the Commune. The administration is headed by a Secretary who is appointed by the People's Committee at a joint meeting of the two Houses. But the Secretary is not normally changed with a change in the People's Committee. The Secretary co-ordinates the work of the various departments, inspects their work and can issue general instructions to them. He gives legal opinion on important questions to the People's Committee and to its Boards. Generally, the Secretary has adequate legal education.

LOCAL COMMITTEES

The Commune is authorised to form Local Committees whenever necessary in order to bring Government closer to the people and to make possible their broader participation in municipal self-government. These Local Committees are not organs of Government, but only transact certain functions of the Commune entrusted to them. They consist of members of the People's Committee elected from the area and a number of other persons selected by the voters of the area. A local office may be set up in the territory of a Local Committee to provide administrative services to the people of the area and to make it easier for them to have contact with the Commune administration.

MEETING OF VOTERS

The People's Committee members are accountable for their work directly to their voters. The voters may recall a member if he loses their confidence. Citizens' supervision of the work of the People's Committee is conducted through the institution called "the meeting of the voters". It is in these meetings that members of the People's Committee are elected or decision is taken for their recall. The members have to present reports regarding the work of

the Committee and their own work at these meetings. The voters discuss these reports and give their views and suggestions. The views expressed by the citizens at these meetings are not binding on the members of the People's Committee, but by tradition much importance is attached to these views. Generally, the People's Committee consults the people through the meeting of the voters on all important matters. This system introduces a strong element of direct democracy in the Commune. Basically, the effort is to associate as large a number of people and as directly as possible with the management of the social and economic affairs of the community. It is claimed that by such association much leadership has been created among the people and their active participation has been obtained which have contributed greatly to the development of the economy and the socialist system.

SOCIAL MANAGEMENT

So far I have described the structure and functioning of the Commune as a form of local self-government. But, as I have already said, the Commune is also the basic socio-economic community functioning as such over its territory. The other functions of the Commune are discharged through institutions and organs of social management. Social management consists of two fundamental forms: workers' management of the economic enterprises and citizens' management over institutions and services in the fields of education, public health, culture, social affairs, etc. Social management includes the management of economic organisations because of the concept of "social property" explained earlier. I have already given an account of the workers' management of the economic organisations. A word may now be said about social management of other institutions.

These organs of social management carry forward further the principle of self-government by the working people. As in the case of workers' management of enterprise, the theory has been that the beneficiaries of institutions would be as interested in them as the personnel employed in the institutions. Therefore, the organs of management of social

institutions are formed of citizens, representatives of those organisations and the staff of the organisations and these institutions are self-governing and autonomous in their working. The State organs do not directly control them. This is how State authority has been transferred to the Social Community. The State exercises only supervision over the legal and financial side of the work and gives guidance and co-ordinates, where necessary, the work of different institutions. There is great variety in the organisation and management of these institutions and they cover a very wide field, such as universities, hospitals, pharmacies, museums, public libraries, broadcasting stations, health centres, cinemas, scientific institutions, etc.

HOUSING COMMITTEES AND HOUSING COMMUNITIES

An important example of social management is the management of houses and apartments by housing committees. The tenants of buildings with more than two flats elect Housing Committees which are in charge of the upkeep of the building, their renovation, additions to them, etc. They collect the rents and perform other related functions. Besides these Housing Committees, there are Housing Communities which is a form of communal self-government. These are committees of citizens living in a neighbourhood. They join together to organise various kinds of domestic services, such as laundry, nurseries for children, recreational facilities, etc.

SOCIAL ORGANISATIONS

By a process of vertically federating various social institutions and organisations, some social organisations of very great importance have been formed with their activities extending over the whole country. These are the Socialist Alliance of the Working People of Yugoslavia, the Trade Union Federation, the People's Youth Organisation, the Federation of Veterans of the People's Liberation War, etc. These organisations have an important role to play in influencing policy at the Commune, District, Republican and Federal levels, in strengthening the social organisations

and co ordinating the work over the entire field of social and economic development. They provide scope for education and participation of the common citizen in the affairs of the country.

THE DISTRICT

With growing importance of the Commune as the basic political territorial organisation of self-government by the working people and the basic socio-economic community of the inhabitants of its territory, the economic functions of the District have been largely passed on to the Commune. Today, the functions of the District are largely of a political and administrative character but even these have been defined within fairly narrow limits. It is responsible for the implementation of the principles of social and political organisation determined by the Constitution, looks after the protection of the personal and political rights of the citizens and supervises the work of the Communes in this respect and in the field of public and State security in general. One of its important functions is to co-ordinate the economic development of its territory and to give assistance to underdeveloped Communes. It looks after the functioning of institutions which function over a wider area than a Commune, such as the District Hospital, the Secondary and Higher Schools. The District is also in charge of various economic, cultural and social affairs of general interest to the Communes in its territory. It may start an institution if the Commune is unable to start it and the institution is required in the interest of the people. It can start enterprises. It maintains some inspecting services and supervises the legality of the action of the Commune but not its expediency. In the event of a conflict between the two, appeal lies to the Republic, observing the rule that the appeal from an administrative organ is to an administrative organ and from a political organ to a political organ and not from one to the other. Much of their relationship arises out of the detailed system of economic control and regulation which the Commune has to observe and the District has responsibility to ensure their observance.

The political and administrative organs of the District are organised on the same lines as of the Republican or Communal Government, *i.e.*, there is the People's Committee of two Councils—the People's Council and the Council of Producers. There are Commissions, the President of the People's Committee, Boards of the People's Committee and different departments of the administration. In fact, this pattern of political and administrative organisation runs from the level of the Federation right down to the Communal Government and it is a very significant feature of Yugoslavia. It is calculated to obtain unity in the building of the political and social structure of the country and in its economic planning.



IV

AGRICULTURE AND COOPERATION

Up to the end of the last War, Yugoslavia was almost entirely an agricultural country with 80 per cent of the population engaged in agriculture. Agriculture was primitive and its productivity amongst the lowest in Europe. The bulk of the land was divided into very small holdings, the average size being 3 to 35 hectares. Small holdings accounted for nearly 90 per cent of the cultivable land. Not until two or three years ago was serious attention paid to the development of agriculture, but since then progress has been rapid particularly in the directions of mechanisation of the farms, in the use of fertilisers and improved seeds, in growing of hybrid maize and Italian variety of wheat and in improving the quality of livestock, particularly pigs and sheep. The production in the State Farms and Cooperative Farms has increased considerably. There has been considerable expansion of the technical services, increase in research facilities, in land improvement, expansion of irrigation and improvement of drainage. The Government is now confident that very soon the level of agricultural production will rise sufficiently to meet the entire requirements of the home market and leave a substantial surplus for export. In the beginning a large number of Peasants' Working Cooperatives were organised in the effort to have collectivisation. Administrative compulsion was used. There were four types of such cooperatives ranging from mere hiring the land to the cooperatives to complete renunciation of the right of ownership of the land. These cooperatives did not prove a success. The majority of farmers who joined these cooperatives did so after disposing of their livestock and better equipment. Mostly the small peasants having small holdings joined these cooperatives. The result was a fall in production. The members did not devote adequate attention to farming the lands of the cooperative; they took more interest in farming their own private garden

land which they did not merge with the lands of the society. By a law in 1953 the members of such societies were given the freedom to withdraw from their societies and as a result the majority of them withdrew and the cooperatives disintegrated. Today, the bulk of the land is still held by private farmers.

GENERAL AGRICULTURAL COOPERATIVES AND THEIR COLLABORATION WITH PRIVATE FARMERS

Today, the emphasis is on the General Agricultural Cooperatives. These take up a number of functions for the members, such as mechanical ploughing of the land, providing specialist advice, making available artificial fertilisers, credit, warehousing and processing facilities, etc. Cooperation between individual farmers and the General Agricultural Cooperative is an important line of development now taking place and is claimed to be proving very successful in gradually inducing the farmers to join agricultural cooperatives. The cooperatives render to the individual farmers different kinds of services which they might be willing to take and in this way gain their confidence and are able ultimately to enter into an agreement with them whereby the cooperative wholly organises the production on the farmer's land with the farmer providing only manual labour. The profits are divided among the parties according to the agreement. The standard of cultivation of the cooperative being much higher than of the private farmer, the latter is always able to get a higher return under the contract. It is claimed that by this method private peasants are gradually joining the cooperatives. The secret of success lies in the efficiency with which the cooperative farms are managed and the fact that they are economically strong organisations. Fifty-two per cent of the total number of agricultural households in the country are said to have joined the General Agricultural Cooperatives for one purpose or another.

There are various other kinds of cooperatives but none are as important as the General Agricultural Cooperatives.

There are not many credit cooperatives as this function is being increasingly taken over by the General Agricultural Cooperatives.

The State is giving substantial assistance to the cooperatives in the form of credit, transfer of basic assets, writing off earlier debts, advice of specialists and so on. The development of cooperation has been rapid and the Government is confident that it is going to play an important role in the process of socialising the country.

In regard to the management of the cooperatives, the system followed is the same as in the case of industry, described earlier. Cooperatives are managed by Cooperative Councils and Managing Boards. The Director is appointed by the Commune, as in the case of Directors of enterprises, and is chosen by competition, and is always a technically competent person. For all practical purposes there is now no difference between State Farms and Cooperative Farms as the management of the State Farms has also been handed over to the workers' collectives and employees in the farm as in the case of enterprises and the farm is treated as social property and not State property.

From this experience of their failure to organise farmers directly into Peasants' Working Cooperatives (collectives) and the success they are now having in organising General Agricultural Cooperatives through the cooperatives rendering services to the private farmers, has emerged the present policy for development of cooperation in the agricultural field. Before that there was considerable difference of opinion on the purpose that cooperation should serve in the agricultural field. Many doubted the capacity of agricultural cooperatives to increase agricultural production and achieve at the same time the socialist transformation of the village. The view now held is that the development of agriculture and the socialist transformation of agriculture are closely interrelated problems and therefore must be solved together, that there cannot be a socialist transformation of the village without increase of farm output and that there cannot be development of agriculture without transforming the social relations in the agricultural field. The

agricultural cooperative has come to be accepted as the most important organisational means for achieving the socialist transformation of the village securing agricultural improvement at the same time. The view now is that increase of production on the basis of individual farms would only lead to the strengthening of some of the private agricultural producers at the expense of the weaker ones. The small number of farmers who would thus gain would spend most of their accumulated wealth in raising their own standard of living and only a small part of it for the advancement of production. Only through the accumulation of capital in the cooperative sector would the investment or the bulk of it needed for the development of agriculture be secured making at the same time an advance towards socialism in the agricultural sector. The effort to induce the farmers through administrative pressure to join Peasants' Working Cooperatives had proved a failure and had shown that the overcoming of the idea of private ownership of land was not a matter of mere mechanical unification of land but was more intimately connected with the development of the level of production, the improvement of various means of production and the pace at which these could be socialised. By the method of collaboration between the General Agricultural Cooperatives and the private farmers the latter are beginning to see for themselves the economic advantages that they derive from their association with the socialist sector of the agricultural economy which these cooperatives represent. This is said to be slowly converting the private farmers to a socialist way of thinking. I was told that in the beginning the cooperatives returned a part of the profit realised from the marketing of agricultural products to the member-producers. But today the latter are themselves forgoing this profit or a part of it in order to increase the cooperative's funds which are used for buying machines, transport vehicles, for building store-houses, etc., so that the cooperatives may be able to render greater service to them. It is claimed that the individual producers are beginning to regard the cooperatives as their own organisation and not something that is imposed on them as they regarded the Peasants' Working Cooperatives. The leaders

of socialism in the country feel very optimistic that as these cooperatives continue to improve their level of production and begin to organise production in the different branches of the economy of the village, the individual farmer would get a much higher return from the cooperative and fuller employment and would therefore cease to have the same attachment towards his land as he has today. It is recognised that this process can work only slowly and its success would depend primarily on the progress that can be made in the field of agricultural production which in its turn will depend on the volume of investment in the agricultural sector. The view is strongly held that there can be no socialism in the village with low production and that nothing will be gained by including households with very backward economy in cooperatives even though their association be voluntary. The leading thinkers are getting more and more convinced that the General Agricultural Cooperatives will ultimately develop into Working Cooperatives or Collectives.

The funds for the improvement of agriculture through the cooperatives come from the funds which the cooperative itself accumulates or what it obtains from its Business Unions and funds placed at their disposal by the Communes and the District. An important source for obtaining funds for the cooperatives is through the buying and selling operations. The economic mechanism secures to them these margins and therefore the effort on the part of the cooperatives is to buy as much as possible. In order to give to the peasants the incentive to sell their produce through a cooperative, a part of the profits from the buying and selling operations is returned to the peasant afterwards. I have already mentioned that the peasants are now forgoing a part of this profit in order to strengthen the cooperative. The effort is to concentrate as much as possible the means of production in the General Agricultural Cooperatives and their Business Unions. By the method of collaboration between the cooperatives and the private farmers the resources created from the private ownership of land are also to some extent being accumulated in the cooperative social

fund and therefore become available for being invested in the development of agriculture. Emphasis is placed on the economic relationship between the private farmer and the cooperative. It is recognised that the success of the new move would depend very largely on the extent to which it satisfied the material interests of the peasants. The agricultural cooperatives are thus to solve the problem of agricultural production as a whole and are not to become closed institutions and collective private organisations. They have to function as an organisation of socialist agriculture adapted for the time being to the existence of private ownership of land but developing a relationship with the private owners which would gradually convert their lands to a socialised means of production.

There is a perspective plan for agriculture which provides the general framework for the whole country but there are concrete plans at the level of the District, the Cooperative Union, the Commune and the individual Cooperatives. Each of these has a long-term plan and an annual plan. There is a great deal of independence within the plan-frame for individual plans to be formulated with as much flexibility as may be necessary. These individual plans of State Farms and Cooperatives have clear objectives and targets for achievement and the manager of the Farm is judged by how well he carries out the plan and achieves the targets. I was told that every year a competition is held between State Farms for reaching the highest production and the first prize is of 10 million Dinars (more than Rs. 100,000) which is shared by all the employees and workers on the farm which wins the prize.

THE AGRICULTURAL SERVICES


There is no centralised agricultural service in Yugoslavia. The Secretariat of Agriculture and Forestry of the Federal Executive Council has mainly an inspecting role. The Republican, District and Communal authorities also have agricultural services but the main work is done by the services maintained by the State Farms and Cooperatives themselves. The task of the agricultural services, in

collaboration with institutes and other scientific research organisations, is to promote modern farming through the producing organisations, *i.e.*, the State Agricultural Farms and the General Agricultural Cooperatives. The State Farms are playing the leading role in advancing and modernising agriculture. Their constant endeavour is to reach a higher and still higher level of production. Between 1954 and 1958, they doubled their yield of wheat and trebled the yield of maize. The State Farms also conduct field experiments with the aim of introducing the most up-to-date technological process and assuring the highest possible level of stable and economical production. I may mention here that the level of production is assessed also in terms of per man hour and taking also into account the cost of production and not only in terms of per hectare yield. The demonstration influence of the State Farms is very great.

A number of scientific institutions have been set up for research and experimentation in the field of agriculture. These have also their specialised Associations, Business Unions, Business Societies and Chambers. There are seven specialised Federal Organisations, such as the Association for Sea Fishing, the Association of Maize Seed Producers, the Association for Producers and Processors of Olives, the Association for Cattle Fodder Mixture, etc. There are specialised agencies also at the Republican level. The Unions of Cooperatives about which mention is made in the next paragraph have also a role to play in the promotion of agriculture and so also the Chambers. At the Federal level there is the Chamber of Agriculture and Forestry of Yugoslavia which in many ways acts as the organiser and co-ordinator of the activities of all other agencies concerned with the advancement of agricultural production and modernisation of agriculture. The Chamber has branches in the Republics. In the Federal Chamber a Centre has been formed for the agricultural advisory service and similar Centres have been formed in the Republican branches. Good specialists are attached to these Centres and provide the link between the scientific research service and the field. The relationship between these chambers and the cooperative

structure is also intimate. At the District is the Agricultural Station which serves as a station for field experimentation and provides the link between the advisory service and the scientific institutions. They try to find answers to specific problems referred to them by the Extension Service as well as the State Farms and Cooperatives.

Individual cooperatives join in Business Unions which are Unions for certain economic functions, such as stock breeding, poultry breeding, fruit growing, etc. Their task is to organise production, processing and finishing, marketing and so on. Membership of these Unions is voluntary. There are also Basic Unions of the societies at the level of the Commune, the District, the Republic and the Federation. Membership of these is compulsory. Business Unions can also be directly members of the Basic District Unions, but they have their own Business Unions at the Republican level and ultimately at the level of the Federation. I do not wish to go into the details of this system as it is not applicable to our conditions. It may, however, be mentioned that the Basic Unions are the policy-making bodies in the cooperative field and important political leadership is strongly represented in them and guides their policies.



V

GENERAL CONCLUSIONS

In the foregoing parts of the Report I have attempted to present a picture of the measures that have been taken in Yugoslavia for carrying forward the principles of self-government and decentralisation in the political, economic and social fields. There can be no doubt that many very bold forward steps have been taken and that an earnest effort is being made to build up an integrated political, economic and social life and system in which decentralisation of authority and self-government can operate to the maximum extent possible. At the same time, importance has been attached to so integrating the component parts of the system and making them dependent on one another that the unity of the socialist ideology, the political unity of the State, the unity of the working class and the unity of the economic plan is not affected in any way. Thus, the process of decentralisation in the political field is connected with decentralisation and self-government in the economic field (workers' management of enterprises), with the creation of various organs of social self-government and with the Communal system. These provide real and effective means of direct participation to the widest circle of citizens in the management of their common affairs. This is what is seen in the People's Committee of the Commune and its Boards, the Workers' Councils and their Managing Boards, in the Meeting of the Voters, in the forms of self-government in the different social organisations, the Housing Committees and the Housing Communities. It has been estimated that in the rural areas on an average every tenth adult is engaged in discharging some responsibility in a local community and in the urban areas every fifth citizen participates in the organs of self-government. Behind these developments there has been faith in the common man and faith that the individual's interests can be reconciled with the interests of the community. Experience so far seems to have justified

this faith. From this experience of theirs we can derive much support for the Community Development approach which is based essentially on the faith in the capacity of the common man organised in democratic institutions of his own and participating through democratic processes in the political, economic and social affairs of the country.

The big question that arises is how do we build up the capacity of the common man. What lessons can we derive from the Yugoslav experience? First and foremost, it is that as many people as possible must be given opportunities and responsibilities for managing their common affairs and on as large a scale as possible. An overcautious and halting approach in this matter is more likely to defeat than advance the purpose. We have seen how in Yugoslavia the principles of decentralisation and self-government have been applied not only in the political but also in the economic and social field and with great thoroughness. This comprehensiveness and thoroughness of approach, they claim, is the principal reason for their success. The political and legal system which supports the decentralisation, they contend, has to be sound and well thought out. But it is more important that the political, economic and social transformation should be properly interrelated and balanced so that the people's interest is roused fully and harnessed to build up the new community in all the three sectors of life. I was told that the citizens in the Communes began getting really interested in participating in their common affairs only when the Commune was given sizable funds and responsibilities for economic development. We are now placing much emphasis on what is being called "Democratic Decentralisation". If we attempt to develop the new pattern of local self-government on old classical lines we may not succeed. Of the many causes of the indifferent record in the past of panchayats and other local self-governing authorities the principal have been public apathy towards them and the meagre resources given to them. At best they were treated as instruments or agencies of the bureaucratic administration and not as real self-governing institutions of the people. The close connection between Community Development

and "Decentralisation of Democracy" is now apparent and well recognised. If I am right in my belief that the ideology of Community Development must be built up primarily on our faith in the capacity of the common man and on the importance of developing and harnessing that capacity to the maximum extent possible for the country's development, then that decentralisation must be conceived and carried out with boldness and thoroughness. There must be decentralisation in the political, economic and social fields alike. We have to think in terms of a primary social community to which most of the rights, powers and responsibilities should inherently belong. If Yugoslavia's experience is any guide, the creation of local self-governing institutions in our country will acquire significance for the people only when the scope of their activities is extended to the economic and social fields. While there may be need for caution and good planning, the goal for achievement by the local self-governing institutions should be set high such as can inspire the people and can point to the large-scale changes that would be required in the attitude of the administration, of the political parties and the people's leaders to make decentralisation a success and achieve the purpose it has to have in view.

In their effort to build up a Democratic Socialist State, the importance of educating the common man in all possible ways is greatly emphasised in Yugoslavia. Much of this education comes from participation in common affairs through the institutions already mentioned, but much also comes through the numerous discussions, seminars and other activities organised by political and social organisations. There are Workers' Colleges and Citizens' Colleges also for this purpose. An intensive socio-political life is being developed very consciously and earnestly and a high degree of political and social consciousness has already been created in the people. Even from my brief stay in the country it was obvious to me that the majority of those who shape opinion, have been greatly inspired by the new trends of development in socialist thinking, particularly the move to decentralise the authority of Government and transfer

it in all fields to society and to secure direct participation of the largest number of people in the management of the affairs of the community. This ideology with the goals it has set in the social and economic fields seems to have been clearly grasped by a very large number of persons and it would perhaps be right to say that it has come to be accepted as a national policy and goal and is not only the policy and goal of the Communist Party. The strength and emotional appeal of this ideology is moving many people to strenuous action and thinking. I have been advocating for a long time now that an ideological base be created for Community Development which will show that in our circumstances it is the only democratic and effective means of developing our vast underdeveloped country economically, socially and democratically. There is still much lack of faith and even cynicism in many of our workers. This could be fought through the creation of the ideological base which should have an adequate inspirational and emotional quality. It should be propagated on a nation-wide scale. It must be given a big place in the training of all workers and non-official leaders. I have found many persons, both officials and non-officials, somewhat shy of talking about the ideology of Community Development fearing that they may be dubbed as theorists and not practical men. Others think that there is no need for any ideology, what matters is the work on the field and the physical targets that are achieved. I feel that without the support of a powerful ideology the Community Development Programme will continue to suffer from a serious handicap. After all, no great movement in human history that has achieved far-reaching economic and social changes has been without a powerful idea behind it. But when I say all this it is not to suggest that the support of an ideology alone will produce the results; many other things will have to be done.

A question of much importance that we have to consider is what should be the relationship between the different formations of local self-government, Panchayat, Block Samiti and Zila Parishad. The development of the correct relationship between these authorities is essential for their

success. I see great significance from our point of view in the Yugoslavian principle incorporated in the new Constitution that "the mutual relationship of the Federal, Republican, District and Communal organs of administration shall not be founded on a hierarchical and mandatory relationship but on mutual rights and duties established by law and that their relationship shall be based more on free and correctly conceived cooperation, exchange of experience and specialist services than on their respective formal rights and powers." I feel that the relationship between Panchayats, Block Samitis and Zila Parishads should be developed on similar lines and in the direction of collaboration between them. This has been the trend of development in countries which have a longer and better record of local self-government than our own. There should be as little control by the higher level local authorities over the lower if the initiative and self-confidence of the latter is to have the fullest scope for growth. Whatever control has to be exercised by the higher authorities must be within well-defined limits and mainly to help and guide the lower authorities. We can borrow much from the pattern of relationship between the District and the Commune in the Yugoslavian system. To some extent we can apply the Yugoslav concept of "observance of legality" for ensuring the sound development and functioning of local self-governing authorities without interfering with their autonomy and initiative. Safeguards against improper or wrong decisions of Panchayats and Block Samitis can sometimes be provided by framing rules which will guide them in the right direction. This will have the further advantage of ensuring that such decisions will be taken on a uniform basis excluding the element of individual judgment and opinion which is often the cause of trouble. For example, the qualifications, methods of selection, rules and procedure for promotion and disciplinary action for Panchayat staff can and should be laid down. Similarly in regard to principles and procedures that should govern the framing of the budget, account keeping, conducting of meetings of the Panchayat and Gram Sabha, etc. The higher local authorities can be given the function of supervising and ensuring the due observance of these rules. That

can provide a healthy link between the various levels of local authority.

The organisation and functioning of the Boards of the People's Committee of the Commune may provide us much guidance for developing our idea of functional sub-committees of the Panchayats and Block Samitis. We are attempting to organise "associate bodies", such as Farmers' Associations, Women's Organisations, Youth Organisations, the leadership from which can be co-opted on the functional sub-committees of the Panchayats and of the Block Samitis. The Boards are composed of members of the People's Committee plus citizens representing organs of social management in the concerned field and groups of citizens whose problems the Board may have to consider. These Boards have administrative and executive responsibilities. How far these associate bodies will have real vitality and, therefore, will effectively advance the welfare of the community and help in the development of the country will depend on the manner in which these are organised and what position they are given in the future political and socio-economic system we may attempt to build up. The Yugoslavian experience would seem to point to the importance, first, of the creation of social self-governing organs in such fields as education, health, social welfare, and, secondly, of vertically uniting these self-governing organs and integrating them with the political and economic organisations. I feel that it would be necessary to sponsor the development of Unions and Federations of the associate organisations that we are thinking of at the village and block levels. The field of social self-government has to be expanded as much as possible. This brings me back to the point that the principles of decentralisation and self-government have to be applied alike in the political, economic and social fields, and the organs of self-government in these fields have to be inter-related to support the overall purpose.

I have spoken of the need for thinking in terms of a primary social community such as the Commune is in the Yugoslavian system. In a way, we are beginning to think of the Panchayats as the basic community and the primary

self-governing institution of the people. Territorially the Commune covers a much wider area and larger population than our Panchayats. A question that seems to need very careful consideration at this stage is whether the Panchayat can really be developed into the basic social community and political unit of government for the purposes we have in view. I have mentioned earlier that in 1955 the Communes were reorganised in Yugoslavia and their number was reduced to about one-fourth to make them economically stronger and fit to assume their big responsibilities. I cannot visualise the Panchayats being ever capable of assuming responsibilities of a magnitude that the Communes have in Yugoslavia, to make for real decentralisation. A larger territorial unit may have to be selected for being developed as the primary political unit and the community inhabiting it be treated as the basic socio-economic community. Whether this is to be the block, the tehsil or the district or any other more suitable unit of administration could be a matter for consideration, but that the unit has to be much larger than a Village Panchayat could not perhaps be disputed. It seems also obvious to me that the more we emphasise the role of Panchayats and try to develop these as the basic community the more would the need arise for regional planning and for developing a higher level self-governing unit. It might, therefore, be best to do fuller thinking on this question right now so that we can see the respective roles of the Panchayat and the next higher level authority in their proper perspective and can develop proper relationship between them. Even when a higher level authority is so developed, the Panchayats can still play an important role, somewhat like the role of the Local Committee of the Commune.

A question that seems to arise from the study of the Yugoslav Communal system is whether it would not be advisable to incorporate in our Constitution the principles and the pattern for the development of local self-governing authorities, as Yugoslavia has done. If local self-governing authorities of the character and conception we have now in view are to be developed then nothing short of providing for this in the Constitution would be doing justice to the

conception. This conception has to contend with years of indifference towards local authorities, their own long record of mediocre or even worse performance and many other forces, political and economic, which would stand in the way of their development today. To give them the support of the Constitution would, therefore, be a great advantage. Further, this will promote a measure of uniformity of organisation, structure and working in these authorities all over the country that is bound to promote the unity of the country. In the Yugoslav political, social and economic system there is centralism to the extent that national unity requires but there is also a great measure of decentralisation. In the political and socio-economic structure there is a great deal of unity running right from the Federal up to the Communal level. Should we not try to secure the same measure of unity and uniformity in the development of local self-governing authorities and self-governing social organisations? While local conditions may vary in our country the variations are not so great as to require such deviations from the pattern of decentralisation as would militate against a basic unity of the system. I see no guarantee that the diverse thinking on the subject in the different States will not ultimately put the unity of the system into jeopardy.

An important and vexing question that would arise in the development of the Panchayats, Block Samitis and Zila Parishads into truly democratic institutions of the people would be the question of the relationship between these political authorities and the administrative machinery. We have the fear that the administrative machinery with its bureaucratic tendencies and training will continue to dominate these new democratic bodies. The administrative machinery will often have a dual role to play—the role of an agency charged with the responsibility of promoting the development of the democratic institutions of the people and the role of functioning as their administrative organ. Admittedly, there would be some element of inherent contradiction between these two roles and the problem will be of reconciling this contradiction. To some extent the National Extension Service, which is being developed as an

advisory service to guide and help the people and the people's organisations, may be able to function as the administrative organ of the Panchayats, Block Samitis and Zila Parishads, but ultimately these authorities will have to have their own administrative agencies. It will be necessary to develop the relationship of these agencies with the democratic institutions on correct lines. Here much guidance can be found from the Yugoslav system and experience. The Yugoslav theory, to which I have already referred, that the executive functions vest primarily in the People's Committee of the Commune, and their system of working through the Boards of the People's Committee, which I have described earlier, seem to be relevant in this connection. Equally relevant may be the distinction they now draw between "political executive functions" and "administrative executive functions", to their discarding of the "system of dual responsibility", that the executive apparatus of every State organ should be responsible not only to its equivalent representative body but also to the higher administrative organs in the same branches of administration, which principle only concealed the absolute power of the centralised State administration and the bureaucracy. I refer to the principle of giving within defined limits a measure of independence in functioning to administrative authorities with which the political authority cannot interfere, to the system of appeals to higher authorities when the rights and powers of any class of functionaries have been interfered with and the principle that the appeal from a political authority should lie to a higher political authority and from an administrative authority to a higher administrative authority and not from one class to another. I also refer to the political responsibility of certain key functionaries, such as the Secretary of the Commune and his powers in respect of ensuring due observance of laws and regulations. About all these mention has been made in the foregoing pages. The functions of the Executive Officer of a Block Samiti can be developed on similar lines. We can also make good use of the Yugoslav system of independent Commissions for various purposes, such as Commission for appointments on the basis of merit and for disciplinary control.

Some of the elements of direct democracy in the Communal system of Yugoslav could be borrowed by us with advantage, such as "the meeting of the voters", the provision regarding the recall of a People's Committee member, the provision that People's Committee members must periodically present reports to the meeting of the voters regarding the work of the Committee and their own work. It would act as a good safeguard against abuse of power by the panchayat if such provisions could be incorporated in our Panchayat Law and close and continuous relationship established between the Panchayat and the Gram Sabha. The nearer the Government is to the people the more should it have the elements of direct democracy in it and the greater the emphasis needed on providing opportunities to the largest number of people to participate in the common affairs of the community.

The experience of Yugoslavia of failing in their attempt to achieve collectivisation at a forced pace through administrative and bureaucratic methods and evolving their present policy of promoting socialisation in the agricultural field through economic measures by collaboration between private farmers and the cooperatives, which I have described, should have many lessons for us. It can show the method by which working through Service Cooperatives farmers can be induced to accept joint cooperative farming. The emphasis has to be on economic measures. Only by demonstrating to our farmers that joint cooperative farming would be economically beneficial to them could the idea of joint cooperative farming be spread among them. Success would, therefore, depend very much more on the efficient management of a cooperative farm and raising its production and thereby the income of the farmer members than on propagation of socialism. Here in matters of technological efficiency and sound business management the lead must be taken by the State Farms. We have many State Farms all over the country but few are run for a sufficiently comprehensive purpose and efficiently enough to fulfil the role which the State Farms in Yugoslavia do. Few of our farms have any production programme worth the name and fewer ever assess results in terms of their production

programme and achievement of targets. The whole policy behind the operation of the State Farms would seem to need careful reconsideration if they are to play the role which they should in the transformation of the agriculture of our country.

I feel that the view held in Yugoslavia that the development of agriculture and the socialist transformation of agriculture present closely interrelated problems, and, therefore, must be solved together, applies equally well to our country. This solution could be attempted only through joint cooperative farming. Increase of production on the basis of individual farms would only lead to the strengthening of some of the private agricultural producers at the expense of the weaker ones. Only through cooperative joint farming could enough capital resources be accumulated in the agricultural sector itself for being ploughed back in the development of agriculture. One of the principal sources by which the cooperatives obtain funds is through the buying and selling operations and in this they are helped by the economic mechanism and policies regarding prices. Our economic and price policies should assist the cooperative marketing unions to earn a reasonable margin of profit and avoid losses. But the policy behind the promotion of joint cooperative farming can succeed only if it is accompanied by other allied economic and social changes at the village level such as will bring about a structural change in rural society. Hence the need for a proper policy of land reforms and social justice in the agrarian system.

Lastly, we may have something to learn from the methods of planning that have been developed in Yugoslavia, particularly their system of having an Economic Plan for the whole country which provides the framework for guiding planning by all agencies and at all levels and thus securing unity in national planning, and their system of having a perspective plan and an annual plan in every case, whether it is the plan of the Commune, or the District, or the Cooperative Union or a State Farm. They claim to have combined successfully unity with flexibility in planning so that economic decentralisation has been made possible without affecting the unity of the Economic Plan of the State.

